

VZCZCXYZ0005
PP RUEHWEB

DE RUEHRB #0326/01 1041712
ZNR UUUUU ZZH
P 141712Z APR 09
FM AMEMBASSY RABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 9988
INFO RUEHEG/AMEMBASSY CAIRO PRIORITY 2519
RUEHLGB/AMEMBASSY KIGALI PRIORITY 0035
RUEHKE/AMEMBASSY KINSHASA PRIORITY 0034
RUEHNR/AMEMBASSY NAIROBI PRIORITY 0130
RUEHOU/AMEMBASSY OUAGADOUGOU PRIORITY 0585
RUEHYN/AMEMBASSY SANAA PRIORITY 1245
RUCNMGH/MAGHREB COLLECTIVE

UNCLAS RABAT 000326

SIPDIS
SENSITIVE

STATE FOR H, NEA/RA AND NEA/MAG
OUAGADOUGOU PLS PASS CODEL SMITH

E.O. 12958: N/A
TAGS: [OREP](#) [EFIN](#) [PGOV](#) [PREL](#) [KDEM](#) [MO](#)
SUBJECT: SCENESETTER FOR CODEL SMITH

REF: STATE 032964 (NOTAL)

1. (SBU) Summary: Representative Smith, we warmly welcome you and your delegation to Morocco. Morocco has been an exemplary partner in the struggle against terrorism, and it serves as a regional model for economic change and democratic reform. Our military and political cooperation is growing, and as a result, Morocco has been designated as a "Major non-NATO Ally." The Kingdom of Morocco, one of our strongest allies in the Broader Middle East and North Africa (BMENA), is a country "on the move", in the throes, albeit unevenly, of change and reform. Morocco has undertaken recent steps to strengthen its abilities to combat terrorist financing and money laundering. Economic growth has averaged about five percent per year and investment, tourism and remittances have boomed in recent years, although the global financial crisis threatens these important sources of income. Slums are coming down, and, according to official statistics, so is unemployment. Freedom of the press has expanded to a level not seen here ever before and beyond the rest of the region, but there are still some restrictions, and those who challenge them can suffer heavy fines, libel judgments and more rarely, jail. Political freedoms have grown as well, although they remain constrained by a system with roots going back hundreds of years. Morocco's top priority in foreign relations is international support for its position on the Western Sahara territorial dispute and for North African integration. End Summary.

Mission Strategic Goals

2. (SBU) Mission strategic goals are, in order, economic growth and reform, countering terror, promoting U.S.-Moroccan partnership, enhancing democracy and governance, and resolving regional conflicts while maintaining close strategic cooperation. Military-to-military engagements contribute to progress for at least four of these goals. With regard to economic growth and reform, we believe expanding Morocco's economic base will do much to address popular dissatisfaction. With regard to countering and combating terrorism, U.S. military engagement is focused on professional training and education programs. The continued and expanded robust interaction between our two militaries is an important example of institution building that is a centerpiece of our relationship. Finally, with regard to regional stability, the reinforcement of the Moroccan military helps to maintain the regional balance of power. Close ties with Morocco facilitate U.S. regional objectives

not only in Africa but in the Middle East.

Counterterrorism

13. (SBU) The terrorism threat in Morocco emanates mainly from small grassroots radical Islamic cells, which have shown some capacity to attack. Security forces disrupted six terrorist and foreign fighter cells in 2008, arresting 105. Morocco's increasingly tourist-oriented economy has increased the GOM's concerns about the threat of terrorism. The GOM's implementation of a comprehensive counterterrorism strategy emphasizing vigilant security measures, counter-radicalization policies, and robust international cooperation has been largely successful in containing the threat to date. Economic disruption, whether from attacks or the global economic crisis, remains the principal threat to stability here, but most observers believe Morocco can manage it ways through such troubles.

14. (SBU) Under King Mohammed VI, as "Commander of the Faithful", Morocco has standardized religious doctrine, consolidated control over religious schools, and sent specially trained imams to Europe to preach moderate messages to the Moroccan diaspora. The vast majority of Morocco's population rejects Salafist and Wahhabist approaches to Islam and so does not support terrorist groups.

Military Reform and Modernization

15. (SBU) Military Reform: The Moroccan Royal Armed Forces are modernizing but remain burdened by corruption, inefficient bureaucracy, and political marginalization. The U.S. enjoys a robust military relationship, as evidenced by increased U.S.-Moroccan military training exercises and Morocco's purchase of sophisticated weapons from the U.S., to include 24 F-16s and 24 T-6s in the last year. These point to a likely future reform of military doctrine, along with greater prospects for positive engagement with the U.S.

16. (SBU) The Moroccan military has undertaken a sweeping effort to modernize a military force that fields predominantly Korean and Vietnam War era equipment. While the F-16 and T-6 sales form the vast bulk of the dollar figure for this modernization, the total Foreign Military Sales and Foreign Military Financing portfolio totals some 120 cases in excess of USD 3 billion. The list of pending or prospective sales includes 200 M1A1 main battle tanks, CH-47D and SH-60 rotary wing aircraft, Gulfstream and Beechcraft operational/Distinguished Visitor (DV) support aircraft, Hawk, Chaparral, and Stinger anti-aircraft systems, and solicitations for surveillance and reconnaissance aircraft and unmanned aerial vehicles. Morocco is the second largest recipient of excess defense articles (EDA) from the U.S. These sales and transfers are necessary to permit the Moroccan military to both hold its position as a regional power and be able to interoperate and participate as a coalition partner. They further serve to solidify the robust U.S./Moroccan military partnership, although there are competitors that can dramatically underbid U.S. offerings, and Morocco does not limit itself to U.S. equipment.

Modernization Can Drive Regional Leadership

17. (SBU) The Royal Moroccan Armed Forces enjoys a well-deserved status as a regional leader in training, humanitarian assistance and peacekeeping. With regard to training, Morocco has provided technical and operational training to more than 300 officers and 1,400 non-commissioned officers, primarily from francophone sub-Saharan Africa over the last 25 years, with much of that occurring in the last three years. Morocco has further provided humanitarian assistance to 13 countries in the same time frame, especially

in the areas of airlift and cloud-seeding operations. Finally, Morocco has robust experience in the realm of peacekeeping operations dating back to the 1960s. It has signed on to Operation Active Endeavor. Morocco also partnered with NATO in peacekeeping operations in Bosnia and with the United Nations (UN) in Angola, Cambodia, Haiti and Somalia in the past. Morocco currently has peacekeepers in the NATO-led mission in Kosovo and the UN-led missions in Cote d'Ivoire and the Democratic Republic of the Congo.

Support for Longer Term Issues

¶8. (SBU) The Embassy is currently engaged in negotiations with the GOM on a Status of Forces Agreement (SOFA) and an Acquisition and Cross Servicing Agreement (ACSA). Inspector General of the Armed Forces General (CHOD) Bennani recently indicated that both documents are nearly ready for signature. Unfounded rumors of prospective U.S. basing in connection with Africa Command have been publicly controversial.

External Issues

¶9. (SBU) In October, Morocco signed an Advanced Status Agreement with the European Union, which promises to give Morocco free market access to the European Economic Area when finally implemented. It also provides for greater coordination on other issues. Morocco also participates in French President Sarkozy's nascent Mediterranean Union.

¶10. (SBU) Border Troubles with Algeria: The Moroccan relationship with Algeria is difficult, and the border between the two countries was closed by Algeria and remains closed. While the King and other GOM officials have publicly proposed opening the border and upgrading bilateral relations between the two countries, their entreaties have been repeatedly rebuffed. The GOA has linked progress on the border to the Western Sahara issue.

¶11. (SBU) Western Sahara: Moroccan foreign policy is dominated by defending and seeking international recognition of its sovereignty claims over Western Sahara. The issue remains the most visible source of tension with Algeria, which has historically supported the POLISARIO's quest efforts for independence by way of a UN-sponsored referendum. The issue led Morocco to leave the African Union and has been an obstacle to regional integration through the Arab Maghreb Union. In April 2007, Morocco proposed a new autonomy plan for Western Sahara, and a series of UN-sponsored negotiations with the POLISARIO began in Manhasset, New York. The Moroccan proposal, deemed "serious and credible" by the USG, would provide Sahrawis, the indigenous people of Western Sahara, autonomy in administering local affairs while respecting Moroccan sovereignty over the territory. There have been four rounds of talks but none since March 2008. After the April 2008 renewal of the mandate of the UN peacekeeping mission, the USG announced it considered independence for the territory "not realistic."

Internal Issues

¶12. (SBU) Current Government: Prime Minister Abbas El Fassi's government, formed after the September 2007 legislative elections, is built on a minority coalition. There has been periodic speculation that it might not last for the full five-year mandate of Parliament. El Fassi's government, filled with young technocrats from within and outside his Istiqlal party, has performed better than many expected. El Fassi has participated extensively in international events and diplomacy. Internal democracy is growing within political parties. A political formation founded by Fouad Ali El Himma, an intimate of the King, has

evolved into a new Party of Authenticity and Modernity (PAM) by grouping several smaller parties. It has now constituted the largest political bloc in Parliament and could be prepared to lead should the current coalition falter. We see no prospect, however, for a significant shift in Morocco's foreign and security policies. Neither Parliament nor the Prime Minister has much say in these issues, which are managed by the Throne directly with concerned ministries.

¶13. (SBU) Parliamentary Reform: Morocco's political parties and the bicameral parliament are weak and structurally hamstrung from taking legislative initiatives or strongly articulating dissent. The Parliament provides no effective check on the monarchy or government. Changing the Constitution would be necessary in order to change the power imbalance and institute formal democracy. Nonetheless, both parties and Parliament have made some technical improvements, largely thanks to USG-funded programs from the National democratic Institute (NDI) and the State University of New York (SUNY), which have modestly improved the body's administrative capacity. These include establishment of a budget analysis office, a verbatim transcription service, and a consistent forum for training and debate among parliamentary members and staff.

¶14. (SBU) Parliamentary Reform Continued: Although the September 2007 parliamentary elections were the most transparent in the country's history, record low participation (i.e., 37 percent of registered voters) reflects the lack of voter confidence in the institution. The State Department's Middle East Partnership Initiative (MEPI) funded the National Democratic Institute (NDI) to run the first ever international observation. MEPI is now funding an ambitious training program for women running for municipal councils in June.

¶15. (SBU) Human Rights and Reform: King Mohammed VI has embarked on an ambitious and continuous program of human rights reforms that includes the Arab world's first truth commission, a revised family code and growing governmental transparency and accountability. Nonetheless, 2008 saw some incidents of concern related to freedoms of expression and press. Although Morocco is a regional reform leader, the reforms are still not deeply rooted in law nor the Constitution and could be rolled back. Continued support and encouragement from partners like the United States and Europe is essential.

¶16. (SBU) Religious Freedom: The Moroccan Constitution provides for the freedom to practice one's religion, although Islam is the official state religion. The GOM prohibits the distribution of non-Muslim religious materials, bans all proselytizing, but tolerates several small religious minorities. It also occasionally restricts Islamic organizations whose activities have exceeded the bounds of "acceptable religious practice" and become political in nature), lately targeting Shi'a Islamic adherents. Morocco is protective of the tiny remnant of its once substantial Jewish minority.

Economics, Trade and Assistance

¶17. (SBU) Economics and Trade: Economic growth has accelerated in recent years, averaging above five percent. While capital account restrictions have sheltered Morocco from the international financial crisis, the recession in Europe will affect exports. An excellent agricultural harvest should lessen the downturn and keep growth near five percent this year. Since implementation of our Free Trade Agreement (FTA) on January 1, 2006, bilateral commerce has more than doubled. U.S. firms are increasing their investment in Morocco, seeing new markets develop as a result of the FTA. USAID, the Department of Commerce's Commercial Law Development Program and the U.S. Trade and Development Agency conduct capacity building and technical assistance projects to assist Morocco to create an open and transparent

trading environment and fully develop its trading potential. However, significant export growth to U.S. and other markets will also depend on Morocco's ability to capture a larger share of value added in its export products. Targeted USAID and MEPI assistance programs aim at improving Morocco's ability to produce and market its exports in key sectors.

¶18. (SBU) U.S. Assistance: We are focusing our assistance to Morocco on youth and women, targeting four priorities: economic growth, counterterrorism, democracy and governance, and supporting quality education. U.S. assistance includes Millennium Challenge Corporation, Peace Corps, USAID and MEPI activities.

¶19. (U) The Millennium Challenge Corporation signed a five-year, USD 697.5 million Millennium Challenge Account Compact with Morocco in 2007 to reduce poverty and increase economic growth. The five-year clock started ticking on September 15, 2008, with the Entry into Force of the Compact. The Compact will support five major projects selected for their potential to reduce poverty, increase productivity and improve employment in high potential sectors of Morocco's economy. These projects include: Fruit Tree Productivity, Small Scale Fisheries, Crafts, Financial Services and Enterprise Support.

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